

Constitution

Police Credit Union

ACN 087 651 205

Incorporating amendments to and including 27 November 2009.

The force in banking



Police
Credit Union

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Constitution

Division 1. — Introductory Matters

1.1 Definitions

In this Constitution, unless the context requires otherwise:

ADI (Authorised Deposit Taking Institution) means a body corporate that *APRA* has authorised to conduct banking business in Australia under the *Banking Act 1959* (Cth)

APRA means the Australian Prudential Regulation Authority

board means the board of *directors*

common bond refers to the common bond of membership, if any, set out in Appendix 2

credit union means Police Credit Union Limited ABN 30 087 651 205

deposit means the placement of money in an account that the *credit union* conducts in the ordinary course of its banking business

director means a director for the time being of the *credit union*

financial accommodation means:

- (a) an advance;
- (b) money paid for, on behalf of or at the request of a person (other than by drawing on the person's *deposit* account with the *credit union*);
- (c) a forbearance to require payment of money owing on any account; and
- (d) a transaction that, in substance, effects a loan or is regarded by the parties to the transaction as a loan,

that the *credit union* provides or enters in the ordinary course of its banking business

general meeting means a general meeting of the *members*

material personal interest has the same meaning as in Part 2D.1 of the *Corporations Act*

member means a person whose name the *credit union* has entered for the time being in the Register of Members it keeps under the *Corporations Act*

member share means a share as described in Appendix 3

person includes a body corporate as well as an individual

prudential standard means:

- (a) any prudential standard that *APRA* determines under the *Banking Act 1959* (Cth);
- (b) any prudential regulation made under *Banking Act 1959* (Cth); and
- (c) any *APRA* transitional prudential standard applying to the *credit union* under the *Financial Sector Reform (Amendments and Transitional Provisions) Regulations 1999* (Cth).

secretary means a secretary for the time being of the *credit union*

subscription price means the amount payable by a person on subscription for a *member share*

1.2 Interpretation

- (1) In this Constitution, unless the context requires otherwise:
 - (a) the singular includes the plural and vice versa;
 - (b) where an expression is defined in this Constitution, any other grammatical form of the expression has a corresponding meaning;
 - (c) words and expressions defined in the *Corporations Act* have the same meaning in this Constitution;
 - (d) headings are for purposes of convenience only and do not affect the interpretation of this Constitution;
 - (e) a reference to a statute or regulation includes all amendments, consolidations or replacements of the statute or regulation;
 - (f) a reference to this Constitution or another instrument includes all amendments or replacements of the Constitution or the other instrument;
 - (g) a reference to a statutory or other body that ceases to exist or the powers and functions of which are transferred to another body includes a reference to the body:
 - (i) that replaces it; or
 - (ii) to which substantially all the powers and functions relevant to this Constitution are transferred; and
 - (h) a reference to 'in writing' is a reference to any mode of representing or reproducing words in tangible and permanently visible form and includes facsimile and email transmission and documents in electronic form.
- (2) The notes to this Constitution are for purposes of convenience only and do not affect the interpretation of this Constitution. The notes do not form part of this Constitution and may be removed or modified without the credit union complying with the *Corporations Act* requirements that apply to removal or modification of constitutional provisions.

1.3 Time

Unless expressly provided otherwise, when this Constitution, or any notice given under this Constitution, states a time or a period of time, the time stated is, or the period of time is calculated by reference to, Standard Time or Summer Time, as the case may be, at the *credit union's* registered office.

1.4 Replaceable Rules do not Apply

The replaceable rules in the *Corporations Act* do not apply.

1.5 Notices

- (1) This Rule applies to all notices and documents that the *Corporations Act* or this Constitution requires a party to this Constitution to give to another party to this Constitution.
- (2) In this Rule, *business day* means a day that is not:
 - (a) a Saturday or Sunday; or
 - (b) a public holiday or bank holiday in the place where the notice is received.
- (3) A person giving a notice must do so in writing and must give it to the recipient at the following respective addresses:
 - (a) if to the *credit union* — at its registered office or such other address as the *credit union* specifies to *members* from time-to-time; and
 - (b) if to a *member* — at the *member's* address appearing in the Register of Members, or at any alternative address nominated by the *member*, or at any facsimile number or electronic address nominated by the *member*.

Note: Subrule 3.3(3) deals with sending notices to joint members.

- (4) A person may give a notice or other document to another person in any of the ways set out in column 2 of the table. The notice is taken to be given at the time set out in column 3:

| | <i>Delivery Method</i> | <i>Time Person Receives Notice</i> |
|---|--|--|
| 1 | Hand delivering the notice personally | The notice is taken to be given: <ol style="list-style-type: none"> (i) if hand delivered before 4:00pm on a <i>business day</i> — on that <i>business day</i> (ii) if hand delivered after 4:00pm on a <i>business day</i> — on the next <i>business day</i> (iii) if hand delivered on a day other than a <i>business day</i> — on the next <i>business day</i> |
| 2 | Sending the notice by pre-paid post | The notice is taken to be given on the third <i>business day</i> after posting |
| 3 | Sending the notice by facsimile transmission | The notice is taken to be given: <ol style="list-style-type: none"> (i) if sent before 5:00pm on a <i>business day</i> — on that <i>business day</i> (ii) if sent after 5:00pm on a <i>business day</i> — on the next <i>business day</i> |

| | | |
|---|---|---|
| | | <p><i>day</i></p> <p>(iii) if sent on a day other than a <i>business day</i>— on the next <i>business day</i></p> <p>This rule does not apply where the person sending the facsimile has evidence that the transmission was unsuccessful</p> |
| 4 | Sending the notice by electronic means | <p>The notice is taken to be given:</p> <p>(i) if sent before 5:00pm on a <i>business day</i>— on that <i>business day</i></p> <p>(ii) if sent after 5:00pm on a <i>business day</i>— on the next <i>business day</i></p> <p>(iii) if sent on a day other than a <i>business day</i>— on the next <i>business day</i></p> |

- (5) If a person sends a *member* a notice in accordance with this Rule, any person to whom that *member* transfers or transmits a share is taken to receive the notice when the first person sent the *member* the notice.

1.6 Transitional Provisions

Upon this Constitution taking effect:

- (a) each person who is a *member* immediately before the Constitution takes effect remains a *member* and each person who holds a *member share* immediately before the Constitution takes effect continues to hold a *member share*,
- (b) each person who is a *director* immediately before the Constitution takes effect remains a *director*, and
- (c) each person who is a *secretary* immediately before the Constitution takes effect remains a *secretary*.

Division 2. — Objects & Limit on Powers

2.1 Objects

The *credit union* has the objects set out in Appendix 1.

2.2 Customers Must be Members

The *credit union* may only accept *deposits* from, or provide *financial accommodation* to, its *members*. However, this Rule does not apply to the following persons who are not *members*:

- (a) bodies that do not have the power to acquire, or that the law prohibits from acquiring, the *credit union's* shares;
- (b) *ADIs*; and
- (c) any *person* or class of *persons* as determined by the *board* from time to time in its absolute discretion.

Division 3. — Membership

3.1 Admission to Membership

- (1) Subject to any other Rule allowing admission of *members*, the *credit union* may admit a person as a *member* only if:
- (a) the person makes a written application in a form the *credit union* requires;
 - (b) the person provides evidence, satisfactory to the *credit union*, that the person is eligible to be a *member* under the *common bond*;
 - (c) the person applies for a *member share*; and
 - (d) the person pays in cash the *subscription price* for the *member share*.

Note: The *credit union* may also admit a person as a *member* by registering a transfer or transmission of a *member share* to the person under Rule 6.3, Rule 7.2, Rule 7.3 or Rule 7.4.

- (2) The *board* has an absolute discretion in exercising the *credit union's* power to admit *members* without any obligation to give a reason for not admitting a person as a *member*.
- (3) When the *credit union* admits a person as a *member*, the *credit union* must:
- (a) issue the *member share* to the person;
 - (b) enter the person's particulars in the Register of Members as required by the *Corporations Act*, and
 - (c) give the person notice that it has admitted the person as a *member*.

3.2 Delegation of Power to Admit Members

- (1) The *board* may delegate its power to admit *members* to officers of the *credit union*. The delegation must not include authority:
- (a) to admit persons as either Approved Persons or Approved Bodies Corporate as referred to in Appendix 2; or
 - (b) to further delegate the power to admit *members*.
- (2) The *board* may delegate its power to reject an application for membership to officers of the *credit union*. The delegation must not include authority to further delegate the power to reject an application for membership.

3.3 Joint Members

- (1) The *credit union* may admit 2 or more persons eligible for admission under Subrule 3.1(1) as a joint *member* of the *credit union*.

-
- (2) The persons constituting the joint *member* may determine the order in which their names appear in the Register of Members. If the persons constituting the joint *member* do not do so, the *credit union* may determine the order in which their names appear in the Register of Members.
 - (3) The person named first in the Register of Members is the primary joint *member*. The *credit union* may duly send any notice, certificate or other document to the joint *member* by sending it to the primary joint *member*. Only the primary joint *member* is entitled to vote on behalf of the joint *member*.
 - (4) At any time, the joint *member* may give the *credit union* a notice requiring the *credit union* to change the primary joint *member* or otherwise change the order in which their names appear in the Register of Members. Each person constituting the joint *member* must sign the notice. The *credit union* must change the Register of Members as soon as practicable after receiving the notice.
 - (5) Any person constituting a joint *member* may give an effective receipt for any dividend, distribution on winding-up or return of capital in relation to the joint *member's* shares.
 - (6) The *credit union* may accept *deposits* from, or provide *financial accommodation* to, the joint *member* or to any person constituting the joint *member*.
 - (7) The persons constituting a joint *member* are jointly and individually liable for any liability that the joint *member* may have in relation to the joint *member's* shares.
 - (8) In this Constitution, the joint *member* is taken to be a person separate to the persons constituting the joint *member*.
 - (9) A joint *member* is regarded as one *member*, regardless of the number of persons who may constitute that joint *member*.

3.4 Minors

The *board* may admit a minor who is eligible for admission under Subrule 3.1 (1) as a *member* of the *credit union*.

Division 4. — Termination of Membership

4.1 Removal of the Member's Name from the Register of Members

The *credit union* can remove the *member's* name from the Register of Members if:

- (a) the *credit union* redeems the *member's member share* under Rule 4.2, Rule 4.3 or Rule 4.4;
- (b) if the *member* is an individual — the *member*:
 - (i) dies;
 - (ii) becomes a bankrupt and the *credit union* registers the *member's* trustee in bankruptcy as the holder of the *member's member share* under Rule 7.3; or
 - (iii) becomes mentally incapable and the *credit union* registers the *member's* trustee or guardian as the holder of the *member's member share* under Rule 7.4;
- (c) if the *member* is a body corporate — the *member* is deregistered or dissolved; or
- (d) if the *member* is a trustee for an unincorporated association — the *credit union* registers the transfer of the *member's member share* to another person who is to act as trustee for the unincorporated association;

Note: Rule 2.2 restricts the *credit union* from accepting further *deposits* from, or providing further *financial accommodation* to, persons who cease to be *members*.

4.2 Member's Request for Termination

- (1) A *member* may request termination of membership but only upon withdrawing all *deposits* and repaying all *financial accommodation*.
- (2) If a *member* makes a request under Subrule (1), the *credit union* must redeem the *member's member share* as soon as practicable after receiving the request. However, the *credit union* may defer redeeming the *member's member share* until the *board* is satisfied that the *member* has withdrawn all *deposits* and repaid all *financial accommodation*.

4.3 Termination by the Board

- (1) The *credit union* may redeem a *member's member share* by *board* resolution if:
 - (a) the *member* fails to discharge the *member's* obligations to the *credit union*;
 - (b) the *member* is guilty of conduct that the *board* reasonably considers to be detrimental to the *credit union*; or
 - (c) the *member* obtains membership by misrepresentation or mistake.
- (2) The *credit union* must give notice of the proposed resolution under Subrule (1) to the *member* at least 14 days before considering the proposed resolution.
- (3) At the time the *board* considers the proposed resolution, the *member* is entitled:
 - (a) to be present with or without the *member's* legal representative; and
 - (b) to be heard, either in person or through the *member's* legal representative.
- (4) On redeeming the *member share*, the *credit union* must pay the amount payable on redemption of the *member share* to the *member* by either:
 - (a) sending a cheque to the *member's* address as set out in the Register of Members; or
 - (b) crediting any of the *member's* accounts with the *credit union*,at the time the *member share* is redeemed.

4.4 Termination Where Accounts Dormant

- (1) This Rule does not apply to a retirement savings account to the extent that the *Retirement Savings Account Act 1997* (Cth) provides otherwise.
- (2) The *credit union* may:
 - (a) determine that the *member's deposit* accounts are dormant; and
 - (b) redeem the *member's member share*,by board resolution if the *member* has not initiated any transactions in relation to any *deposit* account in the 12 month period before the date of the resolution.
- (3) The *credit union* must give notice of the proposed resolution under Subrule (2) to the *member* at the *member's* last known address as shown on the Register of Members at least 28 days before considering the proposed resolution.
- (4) On redemption of the *member share*, the *credit union* must pay the amount payable on redemption of the *member share* into the *member's* account.
- (5) If the *credit union* redeems a person's *member share* under this Rule, the person may require the *credit union* to reinstate the person's *deposit* accounts at any time before the *credit union* pays the

money in the *deposit* account in accordance with the relevant unclaimed money legislation. If the person requires the *credit union* to reinstate the person's *deposit* accounts:

- (a) the *credit union* must reinstate the person's *deposit* accounts as soon as practicable; and
- (b) if the *credit union* has redeemed the *member's member share* — the *credit union* must issue a *member share* to the person and may debit the *member's deposit* account for the subscription amount.

Division 5. — Issue of Shares

5.1 Classes of Shares

The *credit union* may only issue *member shares*.

5.2 Board Power to Issue Shares

The *board* may exercise the *credit union's* power to issue shares to the exclusion of the *general meeting*.

5.3 Restrictions on Issue of Member Shares

- (1) The *credit union* must not issue:
 - (a) options to subscribe for *member shares*;
 - (b) securities that may be converted to *member shares*; or
 - (c) securities with pre-emptive rights to *member shares*.
- (2) The *credit union* may only issue *member shares* in accordance with Subrule 3.1(3).
- (3) The *credit union* may only issue *member shares* on the basis that the person pays the full *subscription price* in cash on issue.
- (4) The *credit union* may only issue 1 *member share* to any person. However, the *credit union* may issue to a trustee for an unincorporated association:
 - (a) 1 *member share* to the trustee in the trustee's own right; and
 - (b) 1 *member share* to the trustee as trustee for the unincorporated association

Note: The *credit union* can issue a *member share* to a person who already constitutes a joint *member*. See Rule 3.3.

5.4 Share Certificates

Unless required by law to do so, the *credit union* will not issue share certificates in respect of *member shares*.

Division 6. — Transfer of Shares

6.1 Form of Share Transfer

A *member* wishing to transfer the *member's* shares must use a share transfer that complies with the following requirements:

- (a) the share transfer relates to 1 class of shares only;
- (b) the share transfer is in writing; and
- (c) the share transfer is:
 - (i) in a form that the *board* approves; or
 - (ii) in any other usual or common form

Note: Subrule 6.3(1) prevents the credit union registering share transfers in some situations, even though the share transfer complies with the requirements set out in this Rule.

6.2 Ownership of Share Transfer

On receiving a share transfer (or a document that appears to be a share transfer), the *credit union* becomes the owner of the share transfer and has a right to exclusive possession of the share transfer.

6.3 Registration of Share Transfer

- (1) The *credit union* must not register a share transfer if:
 - (a) the terms of issue for the shares prohibit the transfer of the shares to the transferee;
 - (b) the share transfer is not in the form set out in Rule 6.1; or
 - (c) if the transfer of shares is dutiable — the share transfer is not duly stamped.
- (2) The *credit union* may refuse to register a share transfer unless:
 - (a) the shares are fully-paid;
 - (b) the *credit union* does not have a lien on the shares;
 - (c) the transferor has executed the share transfer;
 - (d) the transferee has executed the share transfer;
 - (e) a certificate for the shares accompanies the share transfer;
 - (f) the *board* has all information that it reasonably requires to establish the right of the transferor to transfer the shares; and

(g) the *board* has all information that it reasonably requires to establish that the transferee agrees to be a *member* of the *credit union*.

(3) The transferor of shares remains the holder of those shares until the *credit union* enters the transferee's name as holder of those shares in the Register of Members.

6.4 Powers of Attorney

(1) The *credit union* may assume that a power of attorney authorising the attorney to transfer some or all of the *member's* shares that a *member* appears to have granted:

(a) is a valid and effective grant of the power it appears to grant; and

(b) continues in full force and effect.

(2) The *credit union* may rely on the power of attorney until it receives a notice informing it that:

(a) the power of attorney has been revoked; or

(b) the *member* has died.

6.5 Suspension of Registration

The *board* may suspend the registration of share transfers at the times and for the periods it determines. The periods of suspension must not exceed 30 days in any 1 calendar year.

Division 7. — Transmission of Shares

7.1 Transmissions and the Common Bond

The *credit union* may register a person as holder of a *member's* shares under this Division even though the person is not eligible to be a *member* under the *common bond*.

7.2 Transmission of Shares on Death

- (1) On the death of a *member*, the *credit union* may recognise either the personal representative of the deceased *member* or another person who appears to the *board* to be entitled to the deceased *member's* estate as being entitled to the deceased *member's* interest in the shares.
- (2) If the personal representative gives the *board* the information it reasonably requires to establish an entitlement to be registered as holder of the *member's* shares, the personal representative may elect to:
 - (a) be registered as the holder of the shares; or
 - (b) apply to terminate the membership.

7.3 Transmission of Shares on Bankruptcy

If the trustee of a bankrupt *member's* estate gives the *board* the information it reasonably requires to establish the trustee's entitlement to be registered as holder of the *member's* shares, the trustee may require the *credit union* to register the trustee as holder of the *member's* shares.

7.4 Transmission of Shares on Mental Incapacity

If a person entitled to shares because of a *member's* mental incapacity gives the *board* the information it reasonably requires to establish the person's entitlement to be registered as a holder of the *member's* shares:

- (a) the person may require the *credit union* to register the person as holder of the *member's* shares; and
- (b) whether or not registered as the holder of the shares, the person has the same rights, obligations and restrictions as the *member*.

Division 8. — Holding Members' Meetings

8.1 Calling Meetings of Members

The *board* may call a *members'* meeting.

8.2 Adjourning Meetings of Members

- (1) The chair of a *members'* meeting at which a quorum is present:
 - (a) may adjourn the meeting with the consent of the meeting by ordinary resolution; and
 - (b) must adjourn the meeting if directed by ordinary resolution.
- (2) The *credit union* must give notice of an adjourned *members'* meeting if the adjournment is for 1 month or more to every *member* to whom notice of the meeting was given.
- (3) The only business that an adjourned *members'* meeting may deal with is business unfinished at the *members'* meeting that was adjourned.

8.3 Proceedings at Members' Meetings

- (1) The quorum for a *members'* meeting is:
 - (a) 25 *members* present in person; or
 - (b) if less than 50 *members* are eligible to attend and vote at a *member's* meeting — 50% of the *members* eligible to attend and vote at the *member's* meeting,

Note: Paragraph (b) may apply in relation to meetings of classes of members, where the only members eligible to attend the meeting are members of the relevant class.

- (2) If a quorum is not present within 30 minutes after the time for the *members'* meeting set out in the notice of meeting, the meeting is adjourned to the date, time and place the *board* specifies. If the *board* does not specify 1 or more of those things, the meeting is adjourned to:
 - (a) if the date is not specified — the same day in the next week;
 - (b) if the time is not specified — the same time; and
 - (c) if the place is not specified — the same place.

If no quorum is present at the resumed meeting within 30 minutes after the time for the meeting, the meeting is dissolved.

- (3) The chair of *members'* meetings is:
 - (a) the chair of meetings of the *board*; or
 - (b) if the chair of meetings of the *board* is not present or declines to act for the meeting (or part of it) — the deputy chair of meetings of the *board*.

If the chair or deputy chair of meetings of the *board* is not available within 30 minutes of the appointed start of the meeting, or declines to act, the *members* must elect an individual present to chair the meeting.

- (4) The Standing Orders in Appendix 4 apply to the conduct of debate at *members'* meetings.

Division 9. — Voting at Members' Meetings

9.1 Voting

- (1) A resolution put to the vote at a *members'* meeting must be decided on a show of hands unless a poll is demanded.
- (2) Before a *member's* meeting votes on a resolution, the chair must inform the meeting:
 - (a) how many proxy documents the *credit union* has received that validly appoint a person present at the meeting as proxy;
 - (b) how many of these proxy documents direct the proxies how to vote on the resolution; and
 - (c) how the proxies are directed to vote on the resolution.
- (3) The *members'* meeting passes an ordinary resolution only if more than half the total number of votes cast on the resolution are in favour of it.
- (4) The chair does not have a casting vote in addition to his or her deliberative vote.

9.2 Voting on a Show of Hands

On a show of hands, the chair's declaration is conclusive evidence of the result, so long as the declaration reflects the show of hands. Neither the chair nor the minutes need to state the number or proportion of the votes recorded in favour or against the resolution. The minutes only need to record that the resolution was passed or not passed.

9.3 Voting on a Poll

- (1) A poll cannot be demanded on any resolution concerning the election of a person to chair the *members'* meeting.
- (2) A poll on the question of an adjournment must be taken immediately. The chair may direct when and the manner in which any other poll must be taken.
- (3) The *members'* meeting may conduct other business even though a poll is demanded on a resolution.

9.4 Body Corporate Representatives

- (1) A *member* that appoints a body corporate representative must give the *credit union*:
 - (a) if the *member* appointed the representative by board resolution — a certified copy of the board resolution appointing the representative; and
 - (b) otherwise — a copy of the instrument appointing the representative,

as soon as practicable after appointing the representative, and in any event before any *member's* meeting at which the representative may exercise the *member's* rights.

- (2) In addition to the rights and powers a *member's* representative may exercise under the *Corporations Act*, the representative may exercise the *member's* right to vote in a ballot to appoint *directors* by election.

9.5 Proxies

- (1) The *board* may determine the form of proxy document from time-to-time.
- (2) An appointment of a proxy is not invalid merely because it does not contain all the information required for a valid proxy appointment, so long as it contains:
 - (a) the *member's* name and signature; and
 - (b) the proxy's name or the name of the office that the proxy holds.
- (3) A proxy does not have a right to vote on a show of hands.
- (4) Unless the *credit union* receives written notice of the matter before the meeting at which a proxy votes starts or resumes, the proxy's vote at that meeting will be valid if, before the proxy votes:
 - (a) the appointing *member* dies; or
 - (b) the *member* is mentally incapacitated;
 - (c) the *member* revokes the proxy's appointment;
 - (d) the *member* revokes the authority under which the proxy was appointed by a third party; or
 - (e) the *member* transfers the share in respect of which the *member* or a third party appointed the proxy.

9.6 Objections

An objection to the qualification of a voter:

- (a) may only be made at the *members'* meeting or adjourned *members'* meeting at which the vote objected to is cast; and
- (b) must be ruled upon by the chair whose decision is final.

Division 10. — Directors — Appointment & Vacation of Office

10.1 Number of Directors

The Board may determine the number of *directors* provided that the number of *directors* is not less than 6 comprising:

- (a) not less than 4 *directors* elected by members ("elected directors"); and
- (b) not more than 2 *directors* appointed by the *board* ("*appointed directors*").

10.2 Eligibility to be a Director

An individual is eligible to be a director if the person:

- (a) is a *member*;
- (b) has been a *member* continuously for a period of at least 3 years when the person is nominated as a candidate for election as a *director*;
- (c) has not had a personal representative or trustee appointed to administer the person's estate or property because of their mental incapacity;
- (d) is not a minor; and
- (e) is not disqualified or prevented by law from being a *director* of the *credit union*;

provided that paragraphs (a) and (b) do not apply to an *appointed director*.

10.3 Appointment by Members — Election

- (1) The *members* may appoint a person to be an *elected director* by an election held under the provisions of Appendix 5.

10.4 Appointment by Board

- (1) The *board* may, by resolution at any time, appoint a person as an appointed director.
- (2) A board resolution appointing an *appointed director* may specify the *appointed director's* term of office.

10.5 Appointment by Board — Casual Vacancies

- (1) The *board* may appoint a person to be a *director*:
 - (a) if an *elected director's* office becomes vacant other than because the *elected director's* term of office has ended; or
 - (b) if, for any other reason, the number of *elected directors* is less than the minimum under Rule 10.1.

The *board* may only appoint a person who is eligible to be a *director* under Rule 10.2.

- (2) The term of office for a *director* appointed to fill a vacancy under paragraph (1)(a) ends:
- (a) if a *general meeting* approves the appointment before the end of the next AGM after the *director's* appointment — at the end of the term of office of the *director* whose office has become vacant; and
 - (b) otherwise — at the end of the next AGM after the *director's* appointment.
- (3) The term of office of a *director* appointed to fill a vacancy under paragraph (1)(b) ends at the end of the next AGM after the *director's* appointment.

10.6 Term of Office

- (1) Subject to the *Corporations Act* and the rotation provisions in this Rule, an *elected director's* term of office:
- (a) starts at the end of the AGM at which the *elected director's* election is announced; and
 - (b) ends at the end of the third AGM after the AGM at which the *elected director's* election is announced.
- (2) If the number of *elected directors* that *members* appoint is more than a third of the total number of *elected directors* on the *board* immediately following that election:
- (a) the term of office of the *elected director* that receives the most votes at the election ends at the end of the third AGM after the AGM at which the *elected directors'* election is announced;
 - (b) the term of office of the *elected director* that receives the second most votes at the election ends at the end of the second AGM after the AGM at which the *elected directors'* election is announced; and
 - (c) the term of office for the remainder of the *elected directors* elected at the election ends at the end of the next AGM after the AGM at which the *elected directors'* election is announced.
- (3) Subject to the *Corporations Act* and Subrule (4), the term of office of an *appointed director* starts at the time of the board resolution appointing the *appointed director* as a director and ends:
- (a) at the end of the term (if any) specified in the board resolution appointing the person as a *director*, or
 - (b) if no term is specified in the resolution, at the end of the next AGM after the *director's* appointment.
- (4) If the term of office of an *appointed director* specified in the resolution of appointment ends later than at the end of the next AGM after the *appointed director's* appointment, the *appointed director's* appointment must be confirmed by resolution at the *credit union's* next AGM. If the appointment is not confirmed, the *appointed director* ceases to be a *director* at the end of the AGM.

10.7 Automatic Vacation of Office

The office of a *director* automatically becomes vacant if the *director*:

- (a) dies;
- (b) ceases to be eligible to be a *director* under Rule 10.2;
- (c) is absent from 3 consecutive ordinary meetings of the *board* without leave; or
- (d) is 3 months or more in arrears in relation to money due to the *credit union* and has failed to make arrangements for payment satisfactory to the *credit union*.

Neither the *board* nor the *general meeting* may waive the operation of this Rule.

10.8 Resignation

- (1) A *director* may resign by giving the *credit union* notice of the *director's* resignation.
- (2) The *director's* office becomes vacant:
 - (a) if the notice of resignation specifies a date of resignation — on the date of resignation; or
 - (b) otherwise — on the date the *credit union* receives the notice of resignation.

10.9 Alternate Directors

- (1) In this Rule, unless the context requires otherwise:

alternate means a person that a *director* appoints as his or her alternate *director* under Subrule (3), but only in the person's capacity as the alternate *director*; and

appointor means the *director* who appoints an *alternate* under Subrule (3)
- (2) A person is eligible to be an *alternate* for a *director* if the person:
 - (a) is eligible to be a *director* under Rule 10.2;
 - (b) is not a *director*; and
 - (c) is not an *alternate* for another *director*.
- (3) A *director* (but not an *alternate*) may give the *credit union* a notice appointing a person eligible under Subrule (2) to be his or her *alternate*. The notice must set out:
 - (a) the name of the person to be appointed as *alternate*;
 - (b) the term of the *alternate's* appointment (or that the appointment is for an indefinite term);
 - (c) whether or not the *appointor* requires the *credit union* to give notices of *board* meetings to the *alternate*; and
 - (d) whether or not the *alternate* can sign circulating resolutions instead of the *appointor*.

The notice of appointment only takes effect if the *board* approves the *alternate's* appointment.

(4) The *alternate* is not the *appointor's* agent, but a *director* of the *credit union*. The *alternate* has all the duties, powers and rights of the *appointor* as a *director*. Except to the extent that this Rule provides otherwise, all references to *directors* in this Constitution include references to the *alternate*.

(5) The *credit union* only has to give notice of *board* meetings to the *alternate* if the *appointor* has given the *credit union* a notice requiring it to do so.

Note: See Rule 12.1 in relation to notice of *board* meetings.

(6) The *alternate* may only be present at meetings of *directors* at which the *appointor* is absent. The *alternate*:

(a) may be present and may vote on a matter even though the *appointor* has a *material personal interest* in the matter; and

(b) does not breach his or her duties to the *credit union* by reason of any matter considered or voted on at a meeting of *directors* at which the *alternate* was absent because the *appointor* was present.

Note: See Rule 12.2 in relation to quorum at a *board* meeting. See Rule 12.4 in relation to voting on resolutions at *board* meetings. See Rule 13.2 in relation to *directors* not being present or voting on matters in relation to which they have a *material personal interest*.

(7) The reference to 'all of the *directors*' in Rule 12.5 refers to:

(a) if the *appointor* notifies the *credit union* that the *alternate* can sign circulating resolutions instead of the *appointor* — the *alternate* and other *directors* but not the *appointor*;

(b) otherwise — the *appointor* and other *directors* but not the *alternate*.

(8) The *credit union* must not provide remuneration to the *alternate* (in his or her capacity as *alternate*) except out of remuneration that it has allocated to the *appointor*. The *alternate* has no right to remuneration against the *credit union*. This does not affect any right to remuneration that the *alternate* may have against the *appointor*.

Note: See Rule 14.1 in relation to remuneration of *directors*.

(9) The *alternate's* office automatically becomes vacant if:

(a) the *appointor* revokes the *alternate's* appointment; or

(b) the *appointor's* office as a *director* becomes vacant (except where the *appointor's* term as a director ends at the end of an AGM under Rule 10.6 and the *members* re-elect the *appointor* as a *director* at that AGM).

The *alternate's* office may also become vacant in the circumstances set out in Rule 10.7 and Rule 10.8.

Division 11. — Directors' Powers

11.1 Powers and Duties of the Board

The *board*.

- (a) manages the *credit union's* business; and
- (b) may exercise all the powers of the *credit union* except any powers that the *Corporations Act* or this Constitution expressly allocates to the *general meeting*.

11.2 Negotiable Instruments

The *board* may authorise a person or persons to sign, draw, accept, endorse or otherwise execute negotiable instruments for the *credit union*. The *board* may authorise the application of signatures to negotiable instruments by machine or other facsimile method.

11.3 Delegation

- (1) The *board* may delegate any of its powers to any committee or any other person or persons, subject to Rule 3.2 . The *board* may permit the delegate to sub-delegate any powers delegated to them.
- (2) The *board* must establish policies for the guidance of delegates in the exercise of any powers so delegated.
- (3) Without limiting its powers, the *board* may appoint a person to be the *credit union's* attorney for purposes, with powers (being the *board's* powers), for the period and on terms the *board* determines. In particular, the power of attorney may:
 - (a) include terms protecting persons dealing with the attorney, as the *board* determines; and
 - (b) authorise the attorney to delegate any or all of the attorney's powers.

Division 12. — Directors' Meetings

12.1 Calling and Conduct of Board Meetings

- (1) A *director* or the secretary (upon the authority of a *director*) may call a *board* meeting by giving reasonable notice to every other *director*.
- (2) The *board* may meet, adjourn and otherwise regulate its meetings as it thinks fit.

12.2 Quorum of Board

- (1) The quorum for a *board* meeting is:
 - (a) if the number of *directors* is divisible by 2, one half the number of *directors* plus one; or
 - (b) if the number of *directors* is not divisible by 2, a simple majority of the number of *directors*, or
 - (c) such other number as the *board* determines,and the quorum must be present at all times during the meeting.
- (2) If, at any time, the number of *directors* is less than the quorum:
 - (a) the *board* may meet only for the purpose of filling any casual vacancies or for calling a general meeting of *members*; and
 - (b) the *board* may conduct business by circulating resolutions under Rule 12.5.

12.3 Chair of Board

- (1) The *board* may appoint a *director* to chair its meetings. The *board* may determine the period for which the *director* is to be the chair. The *board* may remove the chair from the position of chair at any time.
- (2) The *board* must elect a *director* present to chair a meeting (or part of it) if:
 - (a) a *director* has not already been appointed to chair the meeting; or
 - (b) a previously appointed chair is not available, or declines to act, for the meeting (or part of it).

12.4 Passing of Directors' Resolutions

- (1) A resolution of the *board* must be passed by a majority of the votes cast by *directors* entitled to vote on the resolution.
- (2) The chair has a casting vote in addition to his or her deliberative vote.

12.5 Circulating Resolutions

- (1) The *board* may pass a resolution without a *board* meeting if all of the *directors* entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document.

- (2) Separate copies of a document may be used for signing by different *directors* if the wording of the resolution and statement is identical in each copy.
- (3) The resolution is passed when the last *director* signs.

12.6 Committees of Directors

- (1) The *board* may establish one or more committees consisting of such number of *directors* as the *board* thinks fit.
- (2) The members of a committee may appoint one of their number as chair of their meetings.
- (3) Subject to any restrictions that the *board* imposes, a committee may meet, adjourn and otherwise regulate its meetings as it thinks fit.
- (4) Questions arising at a meeting of a committee are to be determined by a majority of votes of those present and voting.
- (5) The chair does not have a casting vote in addition to his or her deliberative vote.

Division 13. — Conflicts of Interest

13.1 Director Not in Breach if Acts in Matters Relating to Director's Interests

- (1) This Rule applies if:
 - (a) a *director* has an interest or duty in relation to a matter that is not a *material personal interest*; or
 - (b) if a *director* with a *material personal interest* in relation to the *credit union's* affairs:
 - (i) complies with the requirements of the *Corporations Act* in relation to disclosure of the nature and extent of the interest and its relation to the *credit unions* affairs before acting in a matter that relates to the interest; and
 - (ii) may be present and vote on the matter under the *Corporations Act*.
- (2) The *director* is not in breach of his or her duties to the *credit union* merely because he or she acts in matters that relate to the *director's* interest.
- (3) The *director* may vote on matters that relate to the *director's* interest.
- (4) In relation to any transactions that relate to the *director's* interest:
 - (a) the transactions may proceed;
 - (b) the *credit union* cannot avoid the transactions merely because of the *director's* interest; and
 - (c) the *director* may retain benefits under the transactions despite the *director's* interest.

13.2 Director Not in Breach if Does Not Act in Matters Relating to Director's Interests

- (1) This Rule applies if a *director* with a *material personal interest* in relation to a matter:
 - (a) complies with the requirements of the *Corporations Act* in relation to disclosure of the nature and extent of the interest and its relation to the *credit unions* affairs; but
 - (b) must not be present and vote on the matter under the *Corporations Act*.
- (2) The *director* is not in breach of duty to the *credit union* merely because he or she does not act in relation to the matter.
- (3) The *board* may vote on matters that relate to the *director's* interest in the *director's* absence.
- (4) In relation to any transactions that relate to the *director's* interest:
 - (a) the transactions may proceed;
 - (b) the *credit union* cannot avoid the transactions merely because of the *director's* interest; and
 - (c) the *director* may retain benefits under the transactions despite the *director's* interest.

13.3 Execution of Instruments

A *director* may participate in the execution of an instrument for the *credit union*, regardless of any interest or duty that the *director* may have:

- (a) whether or not the *director* has complied with the requirements of the *Corporations Act* in relation to disclosure of the nature and extent of the interest and its relation to the *credit unions* affairs; and
- (b) whether or not the *director* may be present and vote in relation to the execution of the instrument under the *Corporations Act*.

Division 14. — Remuneration, Indemnity and Insurance

14.1 Remuneration of Directors

- (1) In any financial year, the remuneration of *directors* may not exceed the aggregate amount that the *general meeting* determines for that year.
- (2) The *board* may determine the allocation of the aggregate amount of remuneration among the *directors*. If the *board* does not determine the allocation, the aggregate amount of remuneration must be allocated equally among the *directors*.
- (3) The *directors'* remuneration accrues daily from the day that the *general meeting* approves the remuneration to the day that the *general meeting* next determines the *directors'* remuneration.

14.2 Travelling Expenses and Insurance

In addition to any remuneration to which a *director* may be entitled, the *credit union* may also pay:

- (a) the *director's* travelling and other expenses that they properly incur:
 - (i) in attending *board* meetings or any meetings of committees of *directors*; and
 - (ii) in attending any *members'* meetings; and
 - (iii) otherwise in connection with the *credit union's* business; and
- (b) subject to the *Corporations Act*, insurance premiums for a contract that insures the *director* against liabilities that the *director* incurs as an officer of the *credit union*.

14.3 Indemnities for Officers and Former Officers

- (1) In this Rule *indemnified person* means an officer or agent, or former officer or agent, of the *credit union*.
- (2) To the extent that the *Corporations Act* permits:
 - (a) the *credit union* must indemnify an *indemnified person* against any liability that the *indemnified person* incurs in conducting the *credit union's* business or exercising the *credit union's* powers as an officer or agent of the *credit union*; and
 - (b) the *credit union* may indemnify, agree to indemnify or enter into (and pay premiums on) a contract of insurance in relation to an *indemnified person* or any other person.
- (3) The indemnity in paragraph (2)(a) applies in relation to an *indemnified person* for all incidents occurring during the period that person is an officer or agent of the *credit union*, even though a claim is made against the *indemnified person* after they have ceased to be an officer or agent of the *credit union*.

Division 15. — Administration

15.1 Seal

- (1) The *board* is to provide for the safe custody of the seal.
- (2) The seal is to be used only by the authority of the *directors*.
- (3) The *board* may authorise:
 - (a) 2 *directors*, or
 - (b) a *director* and a *secretary*,

to witness the affixing of the seal on a document of a class specified in the resolution.

15.2 Secretary

Subject to Rule 15.3, the *board* may determine a *secretary's* terms of appointment, powers, duties and remuneration. At any time, the *board* may vary or revoke a determination, or an appointment, whatever the terms of the appointment.

15.3 Resignation of Secretary

- (1) A *secretary* may resign by giving the *credit union* notice of the *secretary's* resignation.
- (2) The *secretary's* office becomes vacant:
 - (a) if the notice of resignation specifies a date of resignation — on the date of resignation; or
 - (b) otherwise — on the date the *credit union* receives the notice of resignation.

Appendix 1 — Objects

The *credit union* has the following objects:

- (a) to raise funds by subscription, *deposit* or otherwise, as authorised by the *Corporations Act* and *Banking Act 1959* (Cth);
- (b) to apply the funds in providing *financial accommodation* to *members*, subject to the *Corporations Act* and *Banking Act 1959* (Cth);
- (c) to encourage savings amongst *members*;
- (d) to promote co-operative enterprise;
- (e) to provide programs and services to *members* to assist them to meet their financial, economic and social needs;
- (f) to promote, encourage and bring about human and social development among individual *members* and within the larger community within which *members* work and reside; and
- (g) to further the interests of *members* and the communities within which they work and live through co-operation with:
 - (i) other credit unions and co-operatives; and
 - (ii) associations of credit unions and co-operatives, locally and internationally.

Appendix 2 — Common Bond

A2-1 Common Bond — Natural Person

An individual is eligible to be a *member* under any one of the following categories:

| | <i>Category</i> | <i>Description</i> |
|---|--|---|
| 1 | Employment | the person is an employee of South Australia or Northern Territory Police |
| 2 | Trade Union or Professional Association | The person resides in South Australia or the Northern Territory and is involved in the preservation of life and/or in the dispensation of justice, provided that person belongs to an association or body approved by the Board |
| 3 | Family | the person is a spouse, child, parent, brother or sister of a person admitted as a <i>member</i> under any other category |
| 4 | Community | the person is a resident of Australia |
| 5 | Depositors and Borrowers | the person was a depositor with, held an account with or received financial accommodation from the <i>credit union</i> without being a <i>member</i> as at 1 July 1999 |
| 6 | Approved Persons | the person has an affinity with the <i>credit union</i> and is approved by the <i>board</i> |
| 7 | Continuing Members | the person is a <i>member</i> but has ceased to be eligible to be a <i>member</i> in accordance with the above categories |
| 8 | Transferring Members | the person was a member of another <i>ADI</i> that transferred its business and members to the <i>credit union</i> under the <i>Financial Sector (Transfers of Business) Act 1999</i> (Cth) |

A2-2 Common Bond — Body Corporate

A body corporate is eligible to be a *member* under any of the following categories:

| | <i>Category</i> | <i>Description</i> |
|---|---------------------------------|--|
| 1 | Community | the body corporate has an office or a business address in Australia |
| 2 | Trustee | the body corporate is trustee of a trust of which a <i>member</i> is a beneficiary |
| 3 | Employer | the body corporate is the employer of a <i>member</i> |
| 4 | Corporate Group | the body corporate is a related body corporate of a body corporate admitted as a <i>member</i> under any other category |
| 5 | Depositors and Borrowers | the body corporate was a depositor with, held an account with or received financial accommodation from the <i>credit union</i> without being a <i>member</i> as at 1 July 1999 |
| 6 | Approved Body Corporate | the body corporate has an affinity with the <i>credit union</i> and is approved by the <i>board</i> |

| | | |
|---|-----------------------------|---|
| 7 | Continuing Members | the body corporate is a <i>member</i> but has ceased to be eligible to be a <i>member</i> in accordance with the above categories |
| 8 | Transferring Members | the body corporate was a member of another <i>ADI</i> that transferred its business and members to the <i>credit union</i> under the <i>Financial Sector (Transfers of Business) Act 1999</i> (Cth) |

Appendix 3 — Shares

Division 1 — Member Shares

A3-D1-1 Subscription Price

The *subscription price* for a *member share* is \$10.00

A3-D1-2 Rights, Obligations and Restrictions Attaching to Member Shares

- (1) The following rights attach to each *member share*:
 - (a) the right to vote on the terms set out in clause A3-D1-3;
 - (b) the right to participate in the distribution of profits or assets on a winding-up on the terms set out in clause A3-D1-5; and
 - (c) the right to redeem the *member shares* on the terms set out in clause A3-D1-6.
- (2) The restriction on transfer of *member shares* in clause A3-D1-7 attaches to each *member share*.
- (3) The *credit union* may issue more *member shares* at any time. The issue of more *member shares* does not vary the rights attached to *member shares* that the *credit union* has already issued.

Note: For the holder of a *member share's* entitlement to make *deposits* with, and receive *financial accommodation* from, the *credit union*, see Rule 2.2 and Subrule 3.1(3).

A3-D1-3 Voting Rights

- (1) Subject to subclauses A3-D1-3(3) and (4) and clause A3-D1-8, holders of *member shares* may participate and vote:
 - (a) at a *members'* meeting;
 - (b) at a meeting of the class of holders of *member shares*; and
 - (c) in a ballot to appoint *directors* by election.
- (2) Subject to subclauses A3-D1-3 (3) and (4) and clause A3-D1-8, each *member* has one vote.
- (3) A *member* who is a minor has no vote.
- (4) A *member* may exercise only one vote at a meeting or in a ballot to appoint *directors* by election even if the *member* holds more than one *member share*, provided that this rule does not :
 - (a) prevent a *member* who holds *member shares* in more than one capacity (eg an individual membership and a joint membership with another *member*) from having one vote for each membership; nor
 - (b) prevent a *member* who has been appointed as a body corporate representative or as a proxy from exercising a vote on behalf of the *member* who appointed him or her.

A3-D1-4 No Dividend Entitlements

No dividend is payable in respect of any *member share*.

A3-D1-5 Distribution on Winding-Up

On a winding-up of the *credit union* each *member* is entitled to participate in any surplus equally and without regard to the number of *member shares* held by each *member*.

A3-D1-6 Redemption of Member Shares

- (1) The *credit union* may redeem a *member share* only if one or more of the following conditions are satisfied:
 - (a) the *member* has given the *credit union* notice requesting termination of the *member's* membership of the *credit union* under Rule 4.2;
 - (b) the *board* has resolved to terminate the *member's* membership of the *credit union* under Rule 4.3; or
 - (c) the *board* has determined that the *member's deposit* accounts with the *credit union* are dormant under Rule 4.4.
- (2) On redemption, the *credit union* must pay the *member* an amount equal to the *subscription price* for the *member share* when the *member* subscribed for the *member share*.
- (3) On redemption, the *member shares* are cancelled.
- (4) This Rule does not affect the terms on which *member shares* may be cancelled under a reduction of capital or a share buy-back under *Corporations Act* Part 2J.1.

A3-D1-7 Transfer of Member Shares

- (1) Subject to Subclause 0, a *member* may not transfer their *member share*.
- (2) A trustee for an unincorporated association may transfer the *member share* that they hold as trustee for the unincorporated association to another person who is to act as trustee for the unincorporated association.

A3-D1-8 Entitlement to Exercise Vote – New Members

- (1) A *member's* entitlement to vote may not be exercised if the *member* was not a *member* entitled to vote:
 - (a) in relation to an election of *directors* – on the day before nominations for the election of *directors* closed; and
 - (b) in relation to a general meeting – at least 7 days before notice of the general meeting was given.

Division 2 — Reserves

A3-D2-1 Commencement Date

This Division 2 of Appendix 3 takes effect on the date provided for by section 137(a)(i) of the *Corporations Act*.

A3-D2-2 Definitions

In this Division 2, unless the context requires otherwise:

associate means in relation to a primary person:

- (a) a spouse or defacto spouse of the primary person;
- (b) a parent, son or daughter of the primary person, spouse or defacto spouse;
- (c) a person who is a partner of the primary person;
- (d) a person who is a director of a body of which the primary person is a director;
- (e) a person who is a trustee of a trust in relation to which a person or entity of a kind referred to in paragraphs (a), (b), (c), (d), (f) or (g) benefits or is capable of benefiting;
- (f) an *entity* over which:
 - (i) a person of a kind referred to in paragraphs (a), (b), (c), (d) or (e) has *control*; or
 - (ii) two or more persons of a kind referred to in paragraphs (a), (b), (c), (d) or (e) together have *control*; and
- (g) any *entity* in which:
 - (i) a person of a kind referred to in paragraphs (a), (b), (c), (d), (e) or (f) is beneficially entitled to more than twenty per cent of any class of *securities*; or
 - (ii) two or more persons of a kind referred to in paragraphs (a), (b), (c), (d), (e) or (f) together are beneficially entitled to more than twenty per cent of any class of *securities*.

control means the ability or power of an *entity*:

- (a) whether direct or indirect;
- (b) whether or not enforceable; and
- (c) whether presently exercisable by means of, in breach of or by revocation of any combination

of the following:

- (i) trusts;
- (ii) relevant agreements; and
- (iii) practices,

to dominate decision making, directly or indirectly, in relation to the financial and operating policies of any other *entity* so as to enable that other *entity* to operate with it in pursuing those objectives of the controlling *entity*.

entity means any:

- (a) incorporated or unincorporated body;
- (b) trust or partnership; or
- (c) any legal, administrative or fiduciary arrangement, organisational structure or other party (including a person) having the capacity to deploy scarce resources in order to achieve objectives.

qualifying member means:

- (a) a person who has been admitted to membership of the *credit union* under Division 3 of this Constitution on the date that this Division 2 of Appendix 3 takes effect under the *Corporations Act*; or
- (b) a person admitted to membership of the *credit union* under Division 3 of this Constitution after the date on which this Division 2 of Appendix 3 takes effect under the *Corporations Act* who has been a *member* for not less than one year.

securities has the same meaning as in the *Corporations Act*, but also includes exchange traded options.

Terms that are not expressed in this Constitution or this Division 2 of Appendix 3, but that are defined in the *Corporations Act*, have the same meaning as in the *Corporations Act*.

A3-D2-3 Entitlement to Reserves

Only a *qualifying member* is entitled to participate in the surplus and profits of the *credit union* when the *credit union* (whether acting through its *board*, its members or otherwise) conducts a reduction of capital, scheme of arrangement, deed of arrangement, transfer of business or any other form of corporate restructure where after completion of the restructure:

- (a) the *credit union* is not entitled to use the words 'Credit Union' or 'Credit Society' in its name;
- (b) one person, other than a person entitled to use either the words 'Credit Union' or 'Credit Society' in their name, holds more than 90% of the shares in the *credit union*;
- (c) a group of *associates*, other than a group all of the *members* of which are entitled to use either the words 'Credit Union' or 'Credit Society' in their name, between them hold more than 90% of the shares in the *credit union*;
- (d) a person not entitled to use either the words 'Credit Union' or 'Credit Society' in their name has a legal or equitable interest in more than 20% of the *credit union's* gross assets, based on the latest report that the *credit union* has given *APRA* as at the time of the restructure;
- (e) a group of *associates*, other than a group all of the members of which are entitled to use either the words 'Credit Union' or 'Credit Society' in their name, between them have a legal or equitable interest in more than 20% of the *credit union's* gross assets, based on the latest report that the *credit union* has given *APRA* as at the time of the restructure; or
- (f) the successor to the *credit union's* business is not entitled to use either the words 'Credit Union' or 'Credit Society' in its name.

A3-D2-4 Special Consent Required for Modification or Repeal of Division 2 of Appendix 3

- (1) A special resolution does not have any effect in relation to:
 - (a) a modification or repeal of any clause in this Division 2 of Appendix 3; or
 - (b) a modification or repeal of the Constitution where the effect of the modification or repeal is to modify, exclude or restrict the operation of the clauses in this Division 2 of Appendix 3,unless the written consent of 5% of *qualifying members* (by number) is obtained either before or within three months after the special resolution is passed.
- (2) The number of *qualifying members* whose written consent is required is to be determined as at midnight before the special resolution.

Appendix 4 — Standing Orders

A4-1 Time Limits for Speakers

- (1) The mover of a motion may speak for no more than 5 minutes.
- (2) Subsequent speakers may speak for no more than 5 minutes.
- (3) The mover of the motion may reply for no more than 5 minutes.
- (4) The meeting is free to extend the time a speaker may speak.

A4-2 Amendment

- (1) On an amendment being proposed to an original motion, no second amendment may be considered until the first amendment has been dealt with.
- (2) An amendment, when carried, displaces the original motion and becomes the motion to which any further amendment may be moved.
- (3) If the amendment is not carried, then further amendments to the original motion may be considered.

A4-3 Speakers

- (1) The mover of an original motion has a right of reply.
- (2) The mover of an amendment does not have a right of reply.
- (3) Otherwise, a *member* may speak only once on the same question except to raise a point of order or, with the consent of the chair of the meeting, to give an explanation.

A4-4 Motions to be in Writing

Every motion and every amendment to a motion must be submitted in writing as and when the chair of the meeting requests.

A4-5 Closure of Debate

- (1) Debate on a motion or an amendment may be brought to a close by a resolution 'that the question be now put'.
- (2) The motion 'that the question be now put' must be put to the meeting without debate.

Appendix 5 — Election of Elected Directors and operation of Nominations Panel

Election of Elected Directors

A5-1 Election

- (1) An election of *elected directors* is held by secret ballot to which the provisions of this Appendix apply.
- (2) The following table sets out the timetable for election of *elected directors* by *members*:

| Steps in Election Procedure | Time |
|---|---|
| Call for nominations (see subclause A5-3(1)) | Not less than 84 days before AGM |
| Nominations close (see subclause A5-3(2)) | On date stated in notice calling for nominations, not less than 63 days before AGM. |
| <i>Nominations Panel</i> interviews undertaken (see subclause A5-9(1)) | within 21 days of the close of nominations |
| <i>Nominations Panel</i> to give <i>candidate reports</i> to the <i>candidates</i> (see Clause A5-9(2)) | within 21 days of the close of nominations |
| <i>Candidates</i> may submit comments about <i>candidate reports</i> to the <i>Nominations Panel</i> (see subclause A5-9(3)) | within 26 days of the close of nominations |
| <i>Nominations Panel</i> to make any amendments to <i>candidate reports</i> and give <i>candidate reports</i> to the <i>board</i> and <i>candidates</i> (see subclause A5-9(3)) | within 28 days of the close of nominations |
| Nomination withdrawal period ends (see clause A5-8) | 28 days after the close of nominations |
| Returning officer must send ballot papers to <i>members</i> (see subclause A5-14(1)) together with notice of the AGM | Not less than 21 days before AGM |
| Closure of ballot (see clause A5-15) | 7 days before the AGM |
| Announcement of <i>directors</i> (see subclause A5-16(3)) | AGM |

A5-2 Appointment of Returning Officer

- (1) The *board* must appoint a returning officer, who may appoint assistant returning officers, none of whom can be a *director* or a *candidate*.
- (2) The *secretary* must prepare and give the returning officer a list of *members who are, as at midnight* on the day before the nominations for the election close, eligible to vote on the election of *directors* (see clause A3-D1-8 of Division 1 of Appendix 3).

A5-3 Nominations

- (1) The *board* must give *members* a notice calling for *members* to nominate *candidates* not less than 84 days before the AGM. A "*candidate*" is a *person* who is nominated for election as a *director*. The notice may be given by any of the methods allowed in Rule 1.5 or by advertisement:
 - (a) at each of the *credit union's* offices;
 - (b) in at least one edition of a daily newspaper circulating generally in each jurisdiction in which the *credit union* conducts its business; or
 - (c) in any newsletter or other document given to all *members* by the *credit union*.
- (2) Nominations close on the date stated in the notice calling for nominations, which must be a date not less than 63 days before the AGM and provided that nominations must remain open for a period of not less than 21 days.
- (3) Two *members* together have the right to nominate a *candidate*. To nominate a *candidate*, the two *members* must give the *credit union* a notice of nomination before nominations close. The notice of nomination must:
 - (a) declare that the *candidate* is eligible to be a *director* under Rule 10.2; and
 - (b) be signed by the nominating *members* and the *candidate*.
- (4) A retiring *director* may stand for re-election without nomination by *members* by giving notice of self-nomination to the returning officer before nominations close pursuant to subclause A5-3(2) (and will then be a *candidate*) but the retiring *director* must be eligible to be a *director* under Rule 10.2. A retiring *director* who becomes a *candidate* is subject to all the requirements of this Appendix 5 applying to *candidates* other than the requirement to be nominated by *members*.

A5-4 Rejection of Nomination

- (1) The returning officer must scrutinise nominations immediately upon receipt and reject a nomination where it appears to the returning officer that the *candidate* is not eligible under Rule 10.2.
- (2) Upon rejecting a nomination, the returning officer is to notify the *candidate*, the *candidate's* proposers (if any) and the *board*.

A5-5 Candidate Declaration

- (1) A *candidate* must give the *credit union*, before nominations close, a declaration in such form as the *board* may require from time to time (a "*candidate declaration*");
 - (a) confirming that the *candidate* satisfies any eligibility requirements for election as a *director* that are imposed by this Constitution, the *Corporations Act*, the *Banking Act (Cth)* or any other legislation or *prudential standard*; and
 - (b) stating whether the *candidate*:
 - (i) has any interest in a contract, or proposed contract, with the *credit union*; or

- (ii) holds an office or has an interest in property whereby, whether directly or indirectly, duties or interests may be created that could conflict with a *director's* duties or interests as a *director* of the *credit union*;
- and giving particulars of any such interest or office; and
- (c) attaching or containing such other information as may be required by the *board*.
- (2) A *candidate* must forthwith give written notice to the *credit union* if there is any material change to the information provided under subclause A5-5(1) up to 28 days after the close of nominations.
 - (3) When nominations close the *credit union* must advise the returning officer of the name of any *candidate* who has not provided a *candidate declaration*, and the returning officer must then reject that *candidate's* nomination and notify the *candidate*, the *candidate's* proposers (if any) and the *board*, and the *candidate* will thereupon cease to be eligible for election as a *director*.

A5-6 Candidate Statement

A *candidate* may give to the *credit union* a written statement not exceeding 150 words (a "*candidate statement*") setting out information that the *candidate* wishes *members* to take into account when deciding whether to vote for the *candidate*. The *candidate statement* must be given at the same time as the *candidate declaration* under subclause A5-5(1).

A5-7 Information in Candidate Declarations and Candidate Statements

- (1) Neither the information provided by a *candidate* under subclause A5-5(1)(c) nor a *candidate statement* may contain any material that is inaccurate, misleading or deceptive or likely to mislead or deceive (including by the omission of material information), or that is defamatory or offensive.
- (2) If the *board* considers the information provided by a *candidate* under subclause A5-5(1)(c) or in a *candidate statement* is inaccurate, misleading or deceptive, or likely to mislead or deceive, or defamatory or offensive, it must give notice to the *candidate* requiring the *candidate* to, within 7 days:
 - (a) give the *credit union* an amended version of the information required under clause A5-5(1)(c) or amended *candidate statement* (as the case may be) that complies with subclause A5-7(1); and/or
 - (b) provide written evidence of the accuracy of the information provided under subclause A5-5(1)(c) or in the *candidate statement* (as the case may be); and/or
 - (c) give the *credit union* a written submission setting out why, in the opinion of the *candidate*, the material provided under subclause A5-5(1)(c) or in the *candidate statement* is not inaccurate, misleading or deceptive, or likely to mislead or deceive, or defamatory or offensive (as the case may be).
- (3) The *board* will consider any information given, or amended documents provided, by a *candidate* under subclause A5-7(2) but, if it reasonably remains of the view that the information provided by a *candidate* under subclause A5-5(1)(c) or the material in the *candidate statement* (or the amended version given by the *candidate*) is inaccurate, misleading or deceptive, or likely to mislead or deceive, or defamatory or offensive, it may cause that material to be deleted from the version of the information provided under subclause A5-5(1)(c) or *candidate statement* (as the case may be) that is given or made available to *members*. The *board's* decision on the publication of the material is final.

A5-8 Withdrawal of a Candidate

A *candidate* may withdraw his or her nomination by written notice to the *credit union* given up to 28 days from the close of nominations, and will then no longer be a *candidate* for election.

A5-9 Assessment of candidates by Nominations Panel

- (1) Each *candidate* must submit to an interview by the *Nominations Panel* within 21 days of the close of nominations. An interview may be conducted in whatever manner the *Nominations Panel* deems appropriate, including (without limiting the generality of the forgoing) by telephone, email or other electronic means. At the end of the interview period the *Nominations Panel* must advise the returning officer of the name of any *candidate* who has not submitted to an interview, and the returning officer must then reject that *candidate's* nomination and notify the *candidate*, the *candidate's* proposers (if any) and the *board*, and the *candidate* will thereupon cease to be eligible for election or re-election (as the case may be) as a *director*.
- (2) Within 21 days of the close of nominations, the *Nominations Panel* must prepare a report in relation to each *candidate* it has interviewed (a "*candidate report*") setting out:
 - (a) a summary of the material the *Nominations Panel* has considered to make its assessment;
 - (b) whether the *Nominations Panel* is satisfied as to the matters set out in subclauses A5-22(4) and (5) in relation to the *candidate*;
 - (c) if the *Nominations Panel* considers it appropriate, a brief explanation of the basis for the *Nominations Panel's* determination in relation to the *candidate*; and
 - (d) such other information (if any) that the *Nominations Panel* considers appropriate,and give to the *candidate*, by any of the means permitted by Rule 1.5, a copy of the *candidate report* relating to that *candidate*.
- (3) Within 26 days of the close of nominations, a *candidate* may submit to the *Nominations Panel*, in writing, any comments the *candidate* wishes to make in relation to the *candidate report* relating to that *candidate*. The *Nominations Panel* must consider any comments submitted to it. The *Nominations Panel* may then, in its absolute discretion, make amendments to the *candidate report* relating to that *candidate* and thereafter the amended *candidate report* will be deemed to be the *candidate report* relating to that *candidate*. Within 28 days of the close of nominations the *Nominations Panel* must give the *candidate report* relating to each *candidate* to the *candidate* and copies of all the *candidate reports* to the *board*.
- (4) The *board* must consider (but is not bound by) the information contained in the *candidate report* relating to each *candidate* and must determine whether in its opinion the *candidate* has demonstrated an ability (as assessed against the *model criteria* provided by the *board* to the *Nominations Committee* in accordance with subclause A5-20(3)) to be a *director* and is fit and proper to be and act as a *director* by reference to the *credit union's* Fit and Proper Policy. Upon completing its determinations in relation to all *candidates* the *board* must provide the returning officer with a declaration as to:
 - (a) those *candidates* (if any) who in its opinion have demonstrated an ability to be a *director* and are fit and proper, and those *candidates* will remain eligible for election or re-election (as the case may be) as a *director*; and

- (b) those *candidates* (if any) who in its opinion have not demonstrated an ability to be a *director* or are not fit and proper, and those *candidates* will thereupon cease to be eligible for election or re-election (as the case may be) as a *director* and the returning officer must reject those *candidates'* nominations and notify those *candidates* and their proposers (if any).

A5-10 Proceeding with Election if the number of candidates is equal to or less than the number of positions to be filled

If, after the returning officer has received the declaration of the *board* made under clause A5-9(4), the number of *candidates* who are eligible for election as a *director* is equal to or less than the number of positions to be filled:

- (a) the *general meeting* may appoint each *candidate* as a *director* by passing a separate resolution at the next AGM;
- (b) the election process set out in clauses A5-12 to A5-19 of this Appendix will not apply; and
- (c) the *credit union* must give each *member* a notice (which may be given by advertisement in at least one edition of a daily newspaper circulating generally in each jurisdiction in which the *credit union* conducts its business) that:
 - (i) states that an election by postal ballot will not be necessary;
 - (ii) sets out the name of each *candidate* ;
 - (iii) states that the *general meeting* will vote on the appointment of each *candidate* as a *director* by a separate ordinary resolution at the next AGM;
 - (iv) if any information has been provided by *candidates* under clause A5-5(1)(c), or any *candidate statements* have been received, indicate that the information and *candidate statements* (as the case may be) will be available to *members* at the AGM and that copies may be obtained from the *credit union*, prior to the AGM, upon request; and
- (d) the *credit union* will make a reasonable number of copies of any information provided by *candidates* under clause A5-5(1)(c) and any *candidate statements* received available to *members* at the AGM and will, prior to the AGM, give copies thereof to *members* upon request.

A5-11 Proceeding with Election if the number of candidates is more than the number of positions to be filled

If, after the returning officer has received the declaration of the *board* made under subclause A5-9(4), the number of *candidates* who are eligible for election as a *director* is more than the number of positions to be filled, the election process set out in clauses A5-12 to A5-19 of this Appendix will apply.

A5-12 Appointment of Scrutineer

- (1) The *board* may appoint a maximum of three scrutineers, none of whom is a *candidate*.
- (2) A *candidate* may appoint a scrutineer. Any costs associated with the appointment of a scrutineer by a *candidate* will be the responsibility of the *candidate*.
- (3) The duties and responsibilities of scrutineers are:

- (a) to observe the sorting, counting and recording of ballot papers;
- (b) to ensure that the votes of un-rejected ballot papers are correctly credited to the appropriate *candidates*; and
- (c) to raise any query with the returning officer regarding any of the ballot papers.

A5-13 Ballot Papers

- (1) After nominations have closed, the returning officer must prepare ballot papers for the election.
- (2) The order in which the *candidates* appear on the ballot paper is to be determined by the returning officer by lot.
- (3) At the returning officer's discretion the ballot paper may identify *candidates* who are current *directors* standing for re-election.
- (4) The returning officer must ensure some authenticating mark appears on each ballot paper before sending them to the *members*.

A5-14 Postal Vote

- (1) The returning officer must send to each *member* on the list referred to in subclause A5-2(2), at least 21 days before the AGM:
 - (a) a ballot paper;
 - (b) an unsealed envelope, marked "Ballot Paper", in which the *member* must enclose their completed ballot paper. The reverse side of this envelope must bear the following on a detachable flap:

.....

Name of member

.....

Membership number

.....

Signature of member or corporate member's representative

- (c) an unsealed envelope marked "Returning Officer" addressed to the returning officer; and
 - (d) any information provided by *candidates* under subclause A5-5(1)(c) and any *candidate statements* received.
- (2) The returning officer must send ballot papers by mail and addressed to each *member* at the address shown in the Register of Members for the purposes of giving notices.
 - (3) A *member* exercising a right to vote by post must:
 - (a) firstly, complete the ballot paper in accordance with this Constitution;

- (b) secondly, place the ballot paper in the envelope marked "Ballot Paper", seal the envelope and complete the information required on the detachable flap attached to the envelope; and
 - (c) thirdly, place the sealed envelope marked "Ballot Paper" in the envelope addressed to the returning officer and return it to the returning officer.
- (4) A *member* must ensure that the returning officer receives the *member's* ballot papers by 5:00pm South Australian time on the day fixed for the closing of the ballot.
- (5) Any ballot paper that the returning officer receives after the ballot closes is informal.
- (6) A *member* on the list referred to in subclause A5-2(2); who does not receive the *member's* ballot paper or who spoils it must give the returning officer a declaration to that effect. The returning officer must then:
- (a) send a duplicate ballot paper to that *member*;
 - (b) mark the envelope marked "Returning Officer" "Duplicate"; and
 - (c) keep a record of all duplicate ballot papers issued.

A5-15 Closure of the Ballot

The ballot closes 7 days before the AGM.

A5-16 Procedures After Close of the Ballot

- (1) As soon as practicable after the ballot closes, the returning officer must ensure that the ballots are dealt with as follows:
- (a) open all envelopes received and extract the envelopes marked "Ballot Paper";
 - (b) for each envelope marked "Ballot Paper", mark the *member's* name off the list of eligible *members* referred to in subclause A5-2(2);
 - (c) if a duplicate ballot paper has been sent to a *member* and the original envelope marked "Ballot Paper" has been received — mark the original envelope marked "Ballot Paper" "rejected";
 - (d) if the *member* or the *member's* corporate representative has not signed the envelope marked "Ballot Paper", or there is insufficient detail to identify the *member* — mark the envelope marked "Ballot Paper" "rejected";
 - (e) remove the detachable flap containing the *member* information from the envelope marked "Ballot Paper" and securely dispose of the detachable flaps so that no ballot paper can be identified with any particular *member*. When all the envelopes marked "Ballot Paper" have been so dealt with, open all the envelopes marked "Ballot Paper" and take out the ballot papers;
 - (f) supervise the scrutinising of the ballot papers and reject informal ballot papers;
 - (g) count the votes;
 - (h) sign a declaration of the ballot as to the:

- (i) names of the *candidates* appointed as *directors*;
 - (ii) votes cast for each *candidate*; and
 - (iii) number of votes rejected as informal; and
- (i) deliver the declaration to the *secretary*.
- (2) ***A ballot paper is informal if it:***
- (a) is not authenticated by the returning officer;
 - (b) has no vote indicated on it;
 - (c) does not indicate the *member's* preference for a *candidate* or *candidates*; or
 - (d) has a greater number of votes indicated on it than the number of vacancies to be filled.
- (3) The *secretary* must announce the results of the ballot at the next AGM.
- (4) If a *member* gives the *credit union* a written request, the *credit union* must make available to any *member* a copy of the returning officer's declaration of the ballot.
- (5) The returning officer must destroy the ballot papers three months after the declaration of the ballot.
- (6) No election shall be void on account of any error or omission of the returning officer which did not affect the results of the election.

A5-17 Voting System

- (1) The method of voting and the counting of votes shall be in accordance with the first past the post system where if only one *candidate* is to be elected the *candidate* elected shall be the *candidate* with the highest number of valid votes irrespective of whether that number is a majority or not and where if two or more *candidates* are to be elected the *candidates* to be elected are those with the highest number of valid votes.
- (2) If 2 or more *candidates* have the same number of votes, the *candidate* appointed as a *director* is determined by lot.

A5-18 Mental Incapacity or Death of a Candidate

If a *candidate* dies or becomes mentally incapable whilst an election is in process, the election process is not in any way invalidated.

A5-19 Irregularity in the Conduct of an Election

- (1) The *candidates* that the returning officer declares to have been appointed are appointed unless the *secretary* receives an objection to the ballot within 7 days of the AGM.
- (2) If the *board* is of the opinion that the objection is reasonable, it may resolve to declare the returning officer's declaration void.

- (3) The returning officer must then conduct a further scrutiny in accordance with the Constitution the results of which prevail unless the *board* resolves to call a new poll by a unanimous resolution of all *directors* other than those appointed as a result of the ballot to which the objection relates.

Nominations Panel

A5-20 Nominations Panel

- (1) The *board* shall establish and maintain a *Nominations Panel* having 4 members being:
- (a) two *directors* one of whom will be the chair of the *board* unless the chair is unable or unwilling to be a member of the *Nominations Panel*; and
 - (b) at least 2 other *persons* who are independent of the *credit union* and who possess, in the opinion of the *board*, an overall suitable mix of character, skills, knowledge and experience or who meet any other criteria determined by the *board* from time to time.
- (2) No *director* may be a member of the *Nominations Panel* during any period in which it is dealing with an election in which the *director* is a *candidate*.
- (3) The *board* will provide to the *Nominations Panel* a model set of criteria for *directors* (the "*model criteria*") against which the *Nominations Panel* must assess *candidates* and persons who the board proposes to appoint as a director pursuant to Rule 10.4 or Rule 10.5 ("*nominees*"). The *board* may change the *model criteria* from time to time but may not do so during any election of *elected directors* in the period between the call for nominations and the closure of the ballot.
- (4) Subject to subclause A5-20(1), the *board* may at any time except during the period described in subclause A5-20(3) and in its absolute discretion:
- (a) appoint *persons* to be members of the *Nominations Panel*;
 - (b) suspend or terminate the appointment of any *person* as a member of the *Nominations Panel*; and
 - (c) give directions to the *Nominations Panel* as to the procedures it is to follow.

A5-21 Duty of Confidentiality

- (1) Each member of the *Nominations Panel* must enter into an agreement with the *credit union* to keep confidential their assessments of *candidates* and *nominees*, during and after their appointment, except to the extent that the *Nominations Panel* is required by this Constitution to provide a *candidate report* to the *board* and to the *candidate* to whom it relates.
- (2) Each *director* must keep confidential any assessment of any other *director*, any person seeking appointment as *director* and any *nominee*, during and after their term of office, except to the extent where that disclosure is required by law or by this Constitution.

A5-22 Role of the Nominations Panel

The *Nominations Panel* must assess each person:

- (1) who is nominated as a *candidate* pursuant to subclause A5-3(3);

(2) who is a retiring *elected director* standing for re-election pursuant to subclause A5-3(4) and is therefore a *candidate*, or

(3) who is a *nominee*;

and determine whether it is satisfied that:

(4) the *person* has demonstrated an ability (as assessed against the *model criteria*) to be a *director*, and

(5) the *person* is fit and proper to be and act as a *director*, by reference to the *credit union's* Fit and Proper Policy.

A5-23 Assessment of nominees by Nominations Panel

(1) Each *nominee* must submit to an interview by the *Nominations Panel*. The interview must be conducted within 21 days of the *board* notifying the *nominee* in writing that the *nominee* must submit to an interview. An interview may be conducted in whatever manner the *Nominations Panel* deems appropriate, including (without limiting the generality of the forgoing) by telephone, email or other electronic means. At the end of the interview period the *Nominations Panel* must advise the *board* if the *nominee* has not submitted to an interview, and the *nominee* will thereupon cease to be eligible for appointment as a *director*.

(2) After interviewing a *nominee* the *Nominations Panel* must prepare a report in relation to the nominee it has interviewed (a "*nominee report*") setting out:

(a) a summary of the material the *Nominations Panel* has considered to make its assessment;

(b) whether the *Nominations Panel* is satisfied as to the matters set out in subclauses A5-22(4) and (5) in relation to the *nominee*;

(c) if the *Nominations Panel* considers it appropriate, a brief explanation of the basis for the *Nominations Panel's* determination in relation to the *nominee*; and

(d) such other information (if any) that the *Nominations Panel* considers appropriate,

and give the *nominee report* to the *board*.

(4) Before appointing a *nominee* as a *director* the *board* must consider (but is not bound by) the information contained in the *nominee report* relating to a *nominee* and must determine whether in its opinion the *nominee* has demonstrated an ability (as assessed against the *model criteria* provided by the *board* to the *Nominations Committee* in accordance with subclause A5-20(3)) to be a *director* and is fit and proper to be and act as a *director* by reference to the *credit union's* Fit and Proper Policy.

(5) The board's powers under Rules 10.4 and 10.5 are subject to this clause A5-23.

Appendix 6 - Consideration of Demutualisation Resolutions

A6-1 Interpretation

In this Appendix, unless the contrary intention appears:

'Additional Costs' means all costs reasonably incurred by the *credit union* in complying with its obligations under clauses A6-4 and A6-5(1)(b) of this Appendix.

'Additional Information' means:

- (a) an explanation as to how the Demutualisation Resolution will affect *member* rights as a holder of *member shares* and as a customer of the *credit union*;
- (b) an explanation as to the effect of the Demutualisation Resolution on the *credit union* and *members* with respect to:
 - (i) the rights of *members* to vote and to participate in the distribution of profits and reserves of the *credit union* and the loss of any such rights; and
 - (ii) the effect on the business, operations, employees, products, services, pricing and distribution network of the *credit union*;
- (c) an explanation of the mutuality benefits to *members* that will be lost if the Demutualisation Resolution is passed; and
- (d) an explanation of the availability and effect of other alternatives to the Demutualisation Resolution.

'Ballot Closing Date' means the date upon which a Direct Ballot closes, being a date fixed by the Returning Officer under clause A6-4(6) and specified in the notice referred to in clause A6-4(7)(e).

'Demutualisation Resolution' means a proposed resolution, or combination of proposed resolutions:

- (a) which, if passed, will or may result in:
 - (i) the *credit union* ceasing to be an authorised deposit-taking institution that can or could assume or use the expressions "Credit Union", "Credit Society" or "Credit Co-operative" without committing an offence under the *Banking Act 1959*;
 - (ii) a voluntary transfer of the *credit union's* business, pursuant to the *Financial Sector (Transfers of Business) Act 1999*, to an Entity that is not an authorised deposit taking institution that can or could assume or use the expressions "Credit Union", "Credit Society" or "Credit Co-operative" without committing an offence under the *Banking Act 1959*;
 - (iii) *member shares* becoming transferable or capable of sale or assignment otherwise than pursuant to Rule A3-7(2);

- (iv) a *member* becoming entitled to hold more than one *member share*, unless Rule 5.3(4)(a) and (b) apply; or
 - (v) a right to vote attaching to any share other than a *member share*;
- (b) in relation to which the consent of the Treasurer is required pursuant to either section 63 of the *Banking Act 1959* or section 11 of the *Financial Sector (Shareholdings) Act 1998*, unless the consent is required for the purposes of a voluntary transfer of the *credit union's* business, pursuant to the *Financial Sector (Transfers of Business) Act 1999*, to an Entity that is an authorised deposit taking institution that can or could assume or use the expressions "Credit Union", "Credit Society" or "Credit Co-operative" without committing an offence under the *Banking Act 1959*,
- (c) the effect of which would be to modify or repeal any clause in this Appendix, unless the only effect would be to modify clause A6-7 in such a way that the date upon which this Appendix will cease to have effect pursuant to that clause is postponed; or
- (d) the effect of which would be to modify or repeal this Constitution where the effect of the modification or repeal is to modify, exclude or restrict the operation of the clauses in this Appendix, unless the only effect would be to modify this Constitution in such a way that the date upon which this Appendix will cease to have effect pursuant to clause A6-7 is postponed.

'Direct Ballot' means a ballot of Qualifying Members in respect of a Demutualisation Resolution that is conducted in accordance with Clause A6-4 of this Appendix.

'Directors' Statement' means a statement by the *directors* containing:

- (a) the recommendation of each *director* as to whether the Demutualisation Resolution should be passed and their reasons for making that recommendation; and
- (b) details of any benefit to be received by the *directors* if the Demutualisation Resolution is passed.

'Entity' includes any:

- (a) incorporated or unincorporated bodies;
- (b) trust or partnership; or
- (c) any legal, administrative or fiduciary arrangement, organisational structure or other party (including a person) having the capacity to deploy scarce resources in order to achieve objectives.

'Information' means:

- (a) a disclosure statement that:
 - (i) contains all the information that *members* would reasonably require and expect to be given to make an informed decision about the Demutualisation Resolution, including but not limited to the Additional Information;
 - (ii) states that the Demutualisation Resolution may alter the *credit union's* mutual structure and outlines the intentions of the *member* or Entity seeking to convene or convening a meeting of the *credit union*.

- (II) in relation to the future of the *credit union* if the Demutualisation Resolution is passed;
- (III) in relation to *members'* interests if the Demutualisation Resolution is passed;
- (IV) in relation to the *directors* if the Demutualisation Resolution is passed; and
- (iii) explains the effect the passing of the Demutualisation Resolution is likely to have on the business, operations, employees, products, services, pricing and distribution network of the *credit union*;
- (b) an estimate of the financial benefits (if any) the *members*, the *directors* and/or other officers of the *credit union* will be offered if the Demutualisation Resolution is passed; and
- (c) a report by an expert that:
 - (i) states whether, in the expert's opinion:
 - (I) the Demutualisation Resolution is in the best interests of the *members* of the *credit union* as a whole; and
 - (II) the Demutualisation Resolution is fair and reasonable to *members* having regard to any change of voting rights and the right to participate in profits and reserves;
 - (ii) sets out the expert's opinions in relation to the Additional Information;
 - (iii) gives the expert's reasons for forming those opinions;
 - (iv) complies with the requirements of clause 33 of Appendix 4 of the *Corporations Act*, and
 - (v) contains any additional information required to be provided under the *Corporations Act*.

'Qualifying Member' means a *member*:

- (a) who has been admitted to membership of the *credit union* under this Constitution on the date that this Appendix takes effect under the *Corporations Act*, or
- (b) who is admitted to membership of the *credit union* under this Constitution after the date on which this Appendix takes effect under the *Corporations Act* and who has been a member for not less than one year.

'Requisitionists' means the *members* who request the convening of a general meeting that is convened by the *directors* at the request of *members* made under section 249D of the *Corporations Act* or who call the meeting in accordance with sections 249E or 249F of the *Corporations Act*.

'Returning Officer' means a person appointed by the Directors as a Returning Officer under clause A6-4(1) of this Appendix.

'Special Resolution' means a resolution:

- (a) in relation to which notice as set out in paragraph 249L(1)(c) of the *Corporations Act* has been given; and

- (b) that has been passed by at least 75% of the votes cast by *members* entitled to vote on the resolution.

A6-2 Application of Appendix 6

Notwithstanding any provision contained in this Constitution to the contrary, this Appendix will apply if a meeting of the *credit union* is convened, or is to be convened, at which a Demutualisation Resolution will be considered.

A6-3 Requirement for General Meeting and Direct Ballot

If a meeting of the *credit union* is convened, or is to be convened, at which a Demutualisation Resolution will be considered:

- (a) The general meeting must be convened and conducted in accordance with this Constitution to consider the Demutualisation Resolution as a Special Resolution;
- (b) The information required by clause A6-5 of this Appendix must be provided to *members* in convening the general meeting to consider the Demutualisation Resolution;
- (c) The Demutualisation Resolution may not be moved at the general meeting, or passed at the general meeting, if the Demutualisation Resolution, or a substantially similar Demutualisation Resolution, was moved at a general meeting held within the 3 years prior to the general meeting and:
 - (i) not passed; or
 - (ii) passed but its adoption was not subsequently approved by a Direct Ballot;
- (d) The Demutualisation Resolution shall only be passed at the general meeting if at least 75% of the votes cast by *members* entitled to vote on the Demutualisation Resolution approve the Demutualisation Resolution; and
- (e) The Demutualisation Resolution, if passed at the general meeting, shall not have any effect unless and until:
 - (i) a Direct Ballot is held within 4 months of the date of the general meeting to consider whether the adoption of the Demutualisation Resolution should be approved;
 - (ii) by the Ballot Closing Date the *credit union* has received votes from at least 25% of Qualifying Members; and
 - (iii) of the votes received from Qualifying Members by the Ballot Closing Date, at least 75% of the votes are in favour of approving the adoption of the Demutualisation Resolution.

A6-4. Conduct of Direct Ballot

- (1) Within 7 days of a Demutualisation Resolution being passed at a general meeting the *directors* must appoint a Returning Officer, who must not be a *director* or officer of the *credit union*, and who must then conduct a Direct Ballot in accordance with this Clause A6-4.

- (2) The Returning Officer must prepare a roll of the full names and addresses of the *members* of the *credit union*, as disclosed by the register of *members* as at midnight on the day before the general meeting referred to in Clause A6-3(a), who are Qualifying Members.
- (3) Only *members* who are Qualifying Members as at midnight on the day before the general meeting referred to in Clause A6-3(a) are entitled to vote in the Direct Ballot.
- (4) The Returning Officer must cause ballot papers to be prepared for the Direct Ballot.
- (5) Each ballot paper must be initialled or marked by the Returning Officer or an appointed assistant.
- (6) The Returning Officer must fix a Ballot Closing Date, which must be a date not more than 4 months after the date of the general meeting at which the Demutualisation Resolution was passed.
- (7) The Returning Officer must, at least 30 days prior to the Ballot Closing Date, send by post or otherwise deliver to every Qualifying Member one set of the following material:
 - (a) one ballot paper;
 - (b) an envelope (in this Appendix referred to as the outer envelope) addressed to the Returning Officer;
 - (c) a smaller envelope (in this Appendix referred to as the middle envelope), the reverse side of which contains provision for the name, membership number and signature of the Qualifying Member;
 - (d) a small envelope marked "Ballot Paper" (in this Appendix referred to as the inner envelope) into which the ballot paper is to be enclosed;
 - (e) a notice which sets out:
 - (i) details of the Demutualisation Resolution upon which the decision of the Qualifying Members is to be sought;
 - (ii) details of the number of *members* who were eligible to vote at the general meeting at which the Demutualisation Resolution was passed and of the number of those *members* who voted;
 - (iii) the Ballot Closing Date;
 - (iv) instructions for voting;
 - (v) such further information, if any, as the *directors* consider appropriate; and
 - (f) the Information supplied to the *credit union* and the Directors Statement.
- (8) the Returning Officer may send a duplicate ballot paper to any Qualifying Member if the Returning Officer is satisfied:
 - (a) that the Qualifying Member has not received a ballot paper; or
 - (b) that the ballot paper received by the Qualifying Member has been lost, spoilt or destroyed and the Qualifying Member has not already voted.
- (9) A Qualifying Member casts a vote in the Direct Ballot by:

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- (a) firstly, completing the ballot paper according to the instructions on the ballot paper;
 - (b) secondly, placing the completed ballot paper in the inner envelope;
 - (c) thirdly, completing the details on the reverse side of the middle envelope and signing the middle envelope;
 - (d) fourthly, placing the middle envelope in the outer envelope; and
 - (e) fifthly, sending the outer envelope to the Returning Officer so that it is received by noon on the Ballot Closing Date.
- (10) The Returning Officer must:
- (a) provide a ballot box or boxes which must be locked immediately before the ballot papers are delivered to Qualifying Members in accordance with Clause A6-4(7) and must remain locked until noon on the Ballot Closing Date; and
 - (b) place all outer envelopes received from Qualifying Members in the ballot box or boxes as they are received.
- (11) The counting of votes received by Direct Ballot shall be supervised by the Returning Officer.
- (12) The Returning Officer may be assisted in the performance of his or her duties by any person (who would be eligible to be a Returning Officer) appointed by the Returning Officer.
- (13) Ballot papers received after noon on the Ballot Closing Date are informal and must not be taken into account in the Direct Ballot.
- (14) As soon as practicable after noon on the Ballot Closing Date, the Returning Officer must, in the presence of such scrutineers as may be appointed by the *directors*, open the ballot box or boxes and deal with the contents in accordance with clause A6-4(15).
- (15) The Returning Officer must:
- (a) remove the middle envelope from the outer envelope;
 - (b) if a duplicate outer envelope has been issued and the original outer envelope is received, reject the original envelope and mark it "Rejected";
 - (c) according to the information on the middle envelope, for each set of voting papers returned, mark the Qualifying Member's name on the roll;
 - (d) if a Qualifying Member's name has already been marked on the roll, reject the vote and mark it "Rejected";
 - (e) if the middle envelope has not been signed, or if the details shown on the envelope are not sufficient to disclose by whom the vote is being exercised, reject the envelope and mark it "Rejected";
 - (f) extract the inner envelopes containing the ballot papers from all un-rejected middle envelopes, separating the contents from the middle envelopes in such a way that no inner envelope could subsequently be identified with any particular Qualifying Member; and

- (g) when all the middle envelopes have been dealt with in the above manner, open all un-rejected inner envelopes and take the ballot papers from them.
- (16) The ballot papers must be scrutinised by the Returning Officer who must reject as informal any ballot paper that:
- (a) is not duly initialled or marked by the Returning Officer;
 - (b) is so imperfectly completed that the intention of the Qualifying Member cannot be ascertained by the Returning Officer;
 - (c) has any mark or writing not authorised by this Appendix which, in the opinion of a Returning Officer, will enable the Qualifying Member to be identified; or
 - (d) has not been completed as prescribed on the ballot paper itself.
- (17) No meeting of *members* is required to be held for the counting of the votes received by the *credit union* by Direct Ballot.
- (18) The Returning Officer must count all votes cast and make out and sign a statement of:
- (a) the number of formal votes in favour of approving the adoption of the Demutualisation Resolution;
 - (b) the number of formal votes against approving the adoption of the Demutualisation Resolution;
 - (c) the number of informal votes;
 - (d) the number of middle envelopes marked "Rejected"; and
 - (e) the proportion of the formal votes that were in favour of approving the adoption of the Demutualisation Resolution.
- (19) The Returning Officer must forward a copy of the statement to the Chair of the *credit union*.
- (20) Following the counting of votes in the Direct Ballot the *credit union* will:
- (a) display the result at its registered office and on the *credit union's* website;
 - (b) notify *members* of the result of the Direct Ballot within 21 days; and
 - (c) retain the Direct Ballot votes in the possession of the *credit union* for a period of 3 months, at the end of which period they will be destroyed.

A6-5. Disclosure Requirements

- (1) If a meeting of the *credit union* at which a Demutualisation Resolution will be considered is convened or is to be convened at the request of *members* made under section 249D of the *Corporations Act*:
- (a) the *member* or *members* requesting the convening of the meeting shall at the time of requesting the convening of the meeting provide the information to the *credit union*; and
 - (b) the *credit union* shall at the time of convening the meeting provide the *members* with:

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- (i) notice of the Demutualisation Resolution and of the intention to consider the Demutualisation Resolution as a special resolution in accordance with section 249L(1)(c) of the Corporations Act;
 - (ii) the Information supplied to the *credit union*;
 - (iii) the Directors' Statement; and
 - (iv) such further information, if any, as the *directors* consider appropriate.
- (2) If a meeting of the *credit union* at which a Demutualisation Resolution will be considered is convened or is to be convened or by *members* in accordance with sections 249E or 249F of the *Corporations Act*, the *member* or *members* requesting the convening of the meeting shall at the time of convening the meeting provide the Information to the *members*.

A6-6. Costs

If a meeting of the *credit union* at which a Demutualisation Resolution will be considered is convened by the *directors* at the request of *members* made under section 249D of the *Corporations Act* or by *members* in accordance with sections 249E or 249F of the *Corporations Act*, then the Requisitionists will:

- (a) provide to the *credit union*, at the time of making the request or convening the meeting, an indemnity in respect of the liability that the Requisitionists may incur to the *credit union* for the Additional Costs in a form satisfactory to the *directors*; and
- (b) if the Demutualisation Resolution is not passed at a general meeting, or if the Demutualisation Resolution is passed at a general meeting but its adoption is not approved by a Direct Ballot, be jointly and severally liable to the *credit union* for the Additional Costs and will pay the Additional Costs to the *credit union* within 7 days of the *credit union* making a written demand for payment.

A6-7. Termination of this Appendix

This Appendix will cease to have effect at the end of the first AGM of the *credit union* held after 1 July 2012.